

VAN METER COMMUNITY SCHOOL DISTRICT  
VAN METER, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2007

## TABLE OF CONTENTS

	Page
OFFICIALS	3
INDEPENDENT AUDITOR’S REPORT	4-5
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	6-23
BASIC FINANCIAL STATEMENTS	
Exhibit	
District-Wide Financial Statements:	
A Statement of Net Assets	26-27
B Statement of Activities	28-31
Governmental Fund Financial Statements:	
C Balance Sheet	32
D Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	33
E Statement of Revenues, Expenditures and Changes in Fund Balances	34-35
F Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	36
Proprietary Fund Financial Statements:	
G Statement of Net Assets	37
H Statement of Revenues, Expenses and Changes in Net Assets	38
I Statement of Cash Flows	39-40
Fiduciary Fund Financial Statements:	
J Statement of Fiduciary Net Assets	41
Notes to Financial Statements	42-55
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund	58
Notes to Required Supplementary Information – Budgetary Reporting	59
OTHER SUPPLEMENTARY INFORMATION:	
Schedule	
Nonmajor Governmental Funds:	
1 Combining Balance Sheet	62
2 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	63
3 Schedule of Changes in Special Revenue Fund, Student Activity Accounts	64-65
4 Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund	66
5 Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	67
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	68-69
SCHEDULE OF FINDINGS	70-71

VAN METER COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2006 Election)		
Gene Gabus	President	2006
Kevin Ernst	Vice President	2006
Dan Phillips	Board Member	2007
John Seefeld	Board Member	2007
Mark Miller	Board Member	2008
<u>Board of Education</u>		
(After September 2006 Election)		
Dan Phillips	President	2007
Mark Miller	Vice President	2008
John Seefeld	Board Member	2007
Jim Folkerts	Board Member	2009
Randy Golightly	Board Member	2009
<u>School Officials</u>		
Greg DeTimmerman	Superintendent	2009
Shonna Trudo	District Secretary/Treasurer	2007
Elizabeth Grob	Attorney	Indefinite

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Van Meter Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Van Meter Community School District, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Van Meter Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2007 on our consideration of Van Meter Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 6 through 23 and 58 through 59 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Hunt, Kain & Associates, P.C.

Van Meter Community School District  
Van Meter, Iowa

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Van Meter Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa  
October 3, 2007

# **Van Meter Community School District**

## **Management Discussion and Analysis**

### **For the Year Ending June 30, 2007**

Van Meter Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ending June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

## **Financial Highlights**

- The District's general fund undesignated balance increased from 333,307 in 2006 to \$528,145 in 2007. This increased the District's solvency ratio to approximately 11% in 2007; up from 7.8% in 2006. Additional general fund revenues were generated due to an increase in property taxes and state funding. Expenses in this fund remained consistent between years, which helped the District's solvency ratio to increase between years. (The solvency ratio measures the amount of undesignated general fund revenues as a percent to total of general fund revenues.) Other factors contributing to the increase in the solvency ratio were the Board of Education adding a \$150,000 cash reserve levy and the Physical Plant and Equipment Levy (PPEL) fund repaying the general fund \$110,000 of the original 2006 interfund loan.
- Per the official student enrollment count date, total number of students attending Van Meter increased from 546.9 in September 2005 (budget enrollment for 2006) to 562.7 in September 2005 (budget enrollment for 2007). Because state funding is primarily driven by the number of students in a district, this helped generate additional funds in 2007.
- In order to continue to meet the needs of the increasing student population, the District added additional special education and elementary teachers. This increased the teacher full time equivalents (FTEs) by two additional teachers.
- The District had its third full year of receiving both Dallas County and Madison County School Infrastructure Local Option (SILO) taxes. The District continues to pass 25% of the Dallas County SILO proceeds on to the City of Van Meter per a 28E Agreement. The District's share of SILO funds will be used for future infrastructure needs.
- Despite the increase in revenues for 2007, the District participated in the Iowa Schools Cash Anticipatory Program (ISCAP). This was the first time in many years the District had to borrow from ISCAP. In order to meet cash flow needs at the beginning of the fiscal year prior to receiving state funding, the District borrowed \$200,000 in October, but paid it back in full in December. The District did not participate in the program the rest of the year.

## Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
- The statements for *proprietary funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.
- The statements for *fiduciary funds* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**Figure A-1**

***Van Meter Community School District Annual Financial Report***

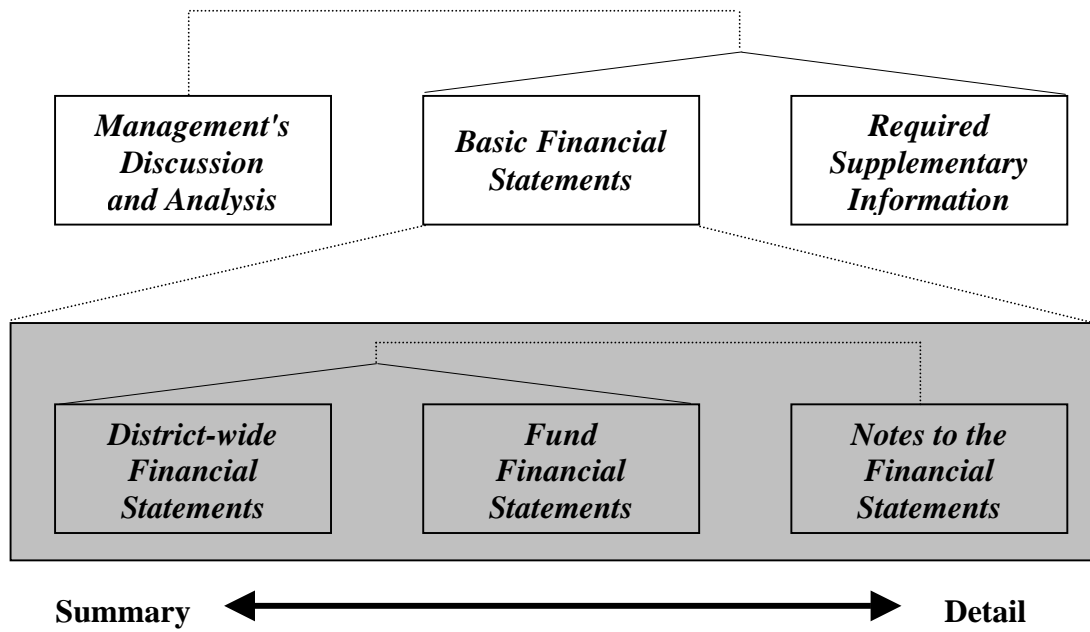




Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-2**  
**Major Features of the District-Wide and Fund Financial Statements**

	District-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## District-wide Financial Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
- The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.
- The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as twenty-five percent of all Dallas County SILO proceeds that the City of Van Meter is entitled to. As agreed upon in a 28E Agreement, the District receives a monthly payment from Dallas County for SILO, and then the District passes along 25% to the City of Van Meter. This is the only fiduciary fund the District has.
- The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

## Financial Analysis of the District as a Whole

**Condensed Statement of Net Assets** – Figure A-3 below provides a comparison of the District's net assets for the year ending June 30, 2007 as compared to the prior year.

Summary of Net Assets  
June 30, 2007

Figure A-3

	Governmental Activities		Business-type Activities		Totals		% Change
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2006 to 2007</u>
Current and Other Assets	\$ 6,984,718	\$ 6,754,205	\$ 33,491	\$ 31,323	\$ 7,018,209	\$ 6,785,528	3.42%
<u>Capital Assets</u>	<u>\$ 6,710,299</u>	<u>\$ 6,902,937</u>	<u>\$ 11,141</u>	<u>\$ 14,581</u>	<u>\$ 6,721,440</u>	<u>\$ 6,917,518</u>	<u>-2.83%</u>
Total Assets	\$ 13,695,017	\$ 13,657,142	\$ 44,632	\$ 45,904	\$ 13,739,649	\$ 13,703,046	.26%
Current Liabilities	\$ 2,570,256	\$ 2,915,570	\$ 6,741	\$ 4,467	\$ 2,576,997	\$ 2,920,037	-11.74%
<u>Long Term Liabilities</u>	<u>\$ 7,095,297</u>	<u>\$ 7,417,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,095,297</u>	<u>\$ 7,417,635</u>	<u>-4.34%</u>
Total Liabilities	\$ 9,665,553	\$ 10,333,205	\$ 6,741	\$ 4,467	\$ 9,672,294	\$ 10,337,672	-6.43%
Net Assets							
Invested in Capital Assets, (net of related debt)	\$ 2,826,003	\$ 2,764,800	\$ 11,141	\$ 14,581	\$ 2,837,144	\$ 2,779,381	2.07%
Restricted for:						\$ -	
Physical Plant & Equip. Levy	\$ 8,540	\$ -	\$ -	\$ -	\$ 8,540	\$ -	100%
Other Special Revenue Purposes	\$ 45,171	\$ 57,122	\$ -	\$ -	\$ 45,171	\$ 57,122	-20.92%
Capital Projects	\$ 512,857	\$ 139,434	\$ -	\$ -	\$ 512,857	\$ 139,434	267.81%
<u>Unrestricted</u>	<u>\$ 636,893</u>	<u>\$ 362,581</u>	<u>\$ 26,750</u>	<u>\$ 26,856</u>	<u>\$ 663,643</u>	<u>\$ 389,437</u>	<u>70.41%</u>
Total Net Assets	\$ 4,029,464	\$ 3,323,937	\$ 37,891	\$ 41,437	\$ 4,067,355	\$ 3,365,374	20.85%

In 2006, the District's cash and pooled investments as well as long-term bonds payable increased considerably due to an additional \$3.1 million dollars being included in these categories. This was due to the District's issuance of refunding bonds and the \$3.1 million dollars represents the net proceeds that were placed in escrow that will be used to refund the November 1, 2000 bonds on their call date of May 1, 2010.

The District's long-term liabilities decreased by \$322,000 due to the District making regularly scheduled payments against their debt.

Unrestricted net assets increased in 2007 by \$274,000 due to tight control over District expenditures and a favorable increase in revenues as previously discussed.

## Changes in Net Assets

Figure A-4 below is a comparison in the changes to the District's net assets between 2006 and 2007.

Change in District's  
Net Assets  
June 30, 2007

Figure A-4

	Governmental Activities		Business-Type Activities		Totals		% Change 2006 to 2007
	2007	2006	2007	2006	2007	2006	
<b>Revenues</b>							
Program Revenues							
Charges for Services	\$ 610,798	\$ 536,244	\$ 147,818	\$ 138,545	\$ 758,616	\$ 674,789	12.42%
Operating Grants and Contributions	\$ 520,078	\$ 418,237	\$ 53,354	\$ 51,426	\$ 573,432	\$ 469,663	22.09%
Capital Grants and Contributions	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000	\$ -	100%
General Revenues							
Property Taxes	\$ 2,035,591	\$ 1,945,924			\$ 2,035,591	\$ 1,945,924	4.60%
Local Option Sales and Service Tax	\$ 387,639	\$ 346,403			\$ 387,639	\$ 346,403	11.90%
Income Surtax	\$ 198,619	\$ 243,234			\$ 198,619	\$ 243,234	-18.34%
State Grants (non-restricted)	\$ 2,005,135	\$ 1,919,081			\$ 2,005,135	\$ 1,919,081	4.48%
Other	\$ 222,992	\$ 150,198	\$ 1,319	\$ 842	\$ 224,311	\$ 151,040	48.51%
<b>Total Revenues</b>	<b>\$ 6,015,852</b>	<b>\$ 5,559,321</b>	<b>\$ 202,491</b>	<b>\$ 190,813</b>	<b>\$ 6,218,343</b>	<b>\$ 5,750,134</b>	<b>8.14%</b>
<b>Expenses</b>							
Instruction Related	\$ 2,953,356	\$ 2,819,774	\$ -	\$ -	\$ 2,953,356	\$ 2,819,774	4.73%
Student and Instructional Services	\$ 373,048	\$ 368,825	\$ -	\$ -	\$ 373,048	\$ 368,825	1.14%
Administration Services	\$ 662,178	\$ 647,482	\$ -	\$ -	\$ 662,178	\$ 647,482	2.26%
Plant Operation	\$ 379,986	\$ 493,763	\$ -	\$ -	\$ 379,986	\$ 493,763	-23.04%
Transportation Services	\$ 217,230	\$ 57,891	\$ -	\$ -	\$ 217,230	\$ 57,891	275.23%
Other	\$ 724,527	\$ 777,217	\$ 206,037	\$ 191,627	\$ 930,564	\$ 968,844	-3.95%
<b>Total Expenses</b>	<b>\$ 5,310,325</b>	<b>\$ 5,164,952</b>	<b>\$ 206,037</b>	<b>\$ 191,627</b>	<b>\$ 5,516,362</b>	<b>\$ 5,097,454</b>	<b>8.21%</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 705,527</b>	<b>\$ 394,369</b>	<b>\$ -3,546</b>	<b>\$ -814</b>	<b>\$ 701,981</b>	<b>\$ 393,555</b>	<b>78.36%</b>

## **Revenues**

- As shown above, the District's overall revenues increased by \$468,000, an increase of just over 8%. All revenue categories showed an increase from 2006 to 2007 except for income surtax.
- 'Charges for services' increased by nearly \$84,000 due to twelve additional students being open enrolled in to the District in 2007. Tuition received from these students' resident districts is included in this category.
- The 'Local Option Sales and Service Tax' category increased over \$41,000 in 2007 due to Dallas and Madison County SILO funds coming in 11% higher than in 2006 due to additional retail business in the counties.
- State grants increased nearly \$90,000 due to the certified budget enrollment increasing by 15.8 students to 562.7 students in 2007 from the enrollment used for the 2006 fiscal year budget.
- For the first time in many years, the District was eligible to include a cash reserve levy on their 2007 budget. The Board of Education approved a \$150,000 general fund cash reserve levy which is generated directly from property taxes. However, the District was able to reduce the management fund levy from \$130,000 in 2006 to \$10,000 in 2007 to help avoid a large increase in property taxes for the patrons of the District.

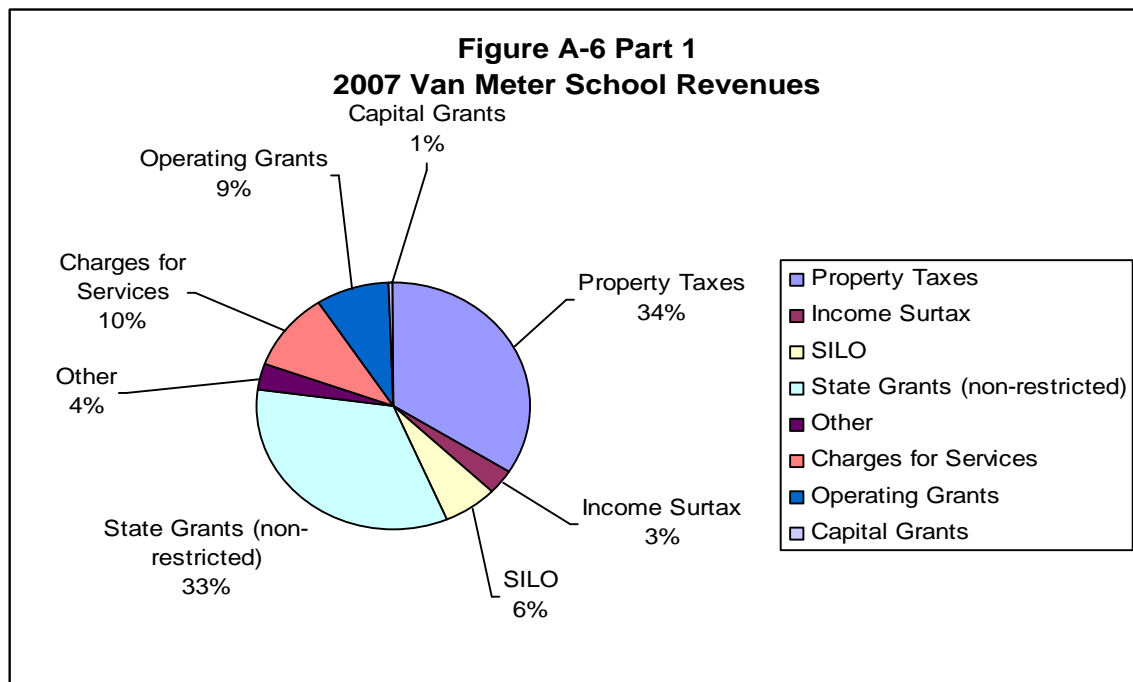
## **Expenses**

- The District's overall expenses also increased by just over 8% from 2006 to 2007. Despite a 4.35% staff salary increase in 2007 and the addition of two instructional staff members, expenses in the three major components-- instruction, student services, and administration-- all remained consistent between years. This illustrates management's desire to increase the general fund solvency ratio by limiting discretionary spending.
- Plant operation expenses decreased by \$114,000 between years, however, transportation costs increased by \$159,000. No new vehicles were purchased in 2007 but expenses increased on repair and maintenance on an aging fleet.

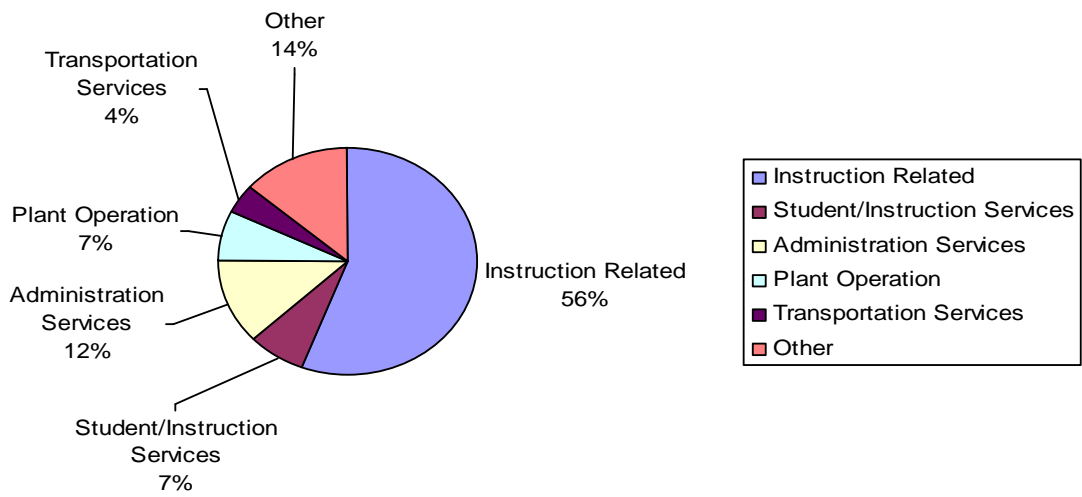
The District had total revenues of \$6,218,343 of which \$6,015,852 (97%) was for governmental activities and \$202,491 (3%) was for business-type activities. These percent to totals remained the same between years.

As shown below, property taxes and state grants contribute 67% of overall District revenues, while expenses directly related to instruction make up over 63% of the District's costs.

In 2007, total District revenues surpassed expenses by \$701,981. This net increase in assets is up over 78% from \$393,555 from 2006. As previously mentioned, this was due to an effort by management to limit discretionary spending and increase general fund revenues by placing a \$150,000 cash reserve levy in order to increase the general fund's solvency ratio.



**Figure A-6 Part 2**  
**2007 Van Meter School Expenses**





## Governmental Activities

Figure A-7 below presents the cost of six major District activities: instruction, support services, administration services, plant operations, transportation, and other. The table also shows each activity's *net cost*, (total costs less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Net Cost of District's Governmental Activities**

**Figure A-7**

**June 30, 2007**

	2007			2006		
	Expenses	Revenues	Net	Expenses	Revenues	Net
Instruction Related	\$ 2,953,356	\$ 933,154	\$ 2,020,202	\$ 2,819,774	\$ 781,139	\$ 2,038,635
Student and						
Instructional Services	\$ 373,048	\$ 17,413	\$ 355,635	\$ 368,825	\$ 16,153	\$ 352,672
Administration						
Services	\$ 662,178	\$ -	\$ 662,178	\$ 647,482	\$ -	\$ 647,482
Plant Operation	\$ 379,986	\$ 5,435	\$ 374,551	\$ 493,763	\$ 85	\$ 493,678
Transportation						
Services	\$ 217,230	\$ 5,841	\$ 211,389	\$ 57,891	\$ 4,703	\$ 53,188
Other	<u>\$ 724,527</u>	<u>\$ 204,033</u>	<u>\$ 520,494</u>	<u>\$ 777,217</u>	<u>\$ 152,401</u>	<u>\$ 624,816</u>
<b>Total Expenses</b>	<b>\$ 5,310,325</b>	<b>\$ 1,165,876</b>	<b>\$ 4,144,449</b>	<b>\$ 5,164,952</b>	<b>\$ 954,481</b>	<b>\$ 4,210,471</b>

- The cost of all governmental activities for 2007 was \$5,310,325. This is an increase of \$145,373, almost 3%, from 2006.
- \$610,798 of the above mentioned cost for 2007 was financed by the users of the District's programs. Federal and state governments subsidized certain programs with grants and contributions totaling \$555,078.
- The majority of the District's net costs of \$4,144,499, however, were financed by District taxpayers and the taxpayers of our state.
- The 2007 net cost portion of governmental activities was financed in part with \$2,035,591 in property taxes and \$2,005,135 in unrestricted state aid based on the statewide finance formula.

## Business-Type Activities

Revenues of the District's business-type activities (food and nutrition services) were comprised of charges for services, federal and state reimbursements, and investment income.

- Business-type activity expenses exceeded revenues by \$3,546 in 2007. Expenses were greater than revenues by \$814 in 2006.
- Charges for services represent \$147,818 or 73% of total revenue, while federal and state reimbursement for meals, including payments for free and reduced lunches, was \$53,354 or 27% of total revenue. These percent to totals remained the same between years.
- Operating expenses increased from \$191,627 in 2006 to \$206,037 in 2007. This 7.5% increase is partially due to salaries and benefits increasing by approximately 5% and the maintenance of aging kitchen equipment. The District continues to purchase most of their commodities through a coop-purchasing/bulk rate type of buying to take advantage of bulk discounts.
- Despite the slight decline in net assets for the year, the District's hot lunch fund remains strong, finishing with \$37,891 of net assets at year end for 2007.

## Financial Analysis of the District's Funds

As previously noted, the Van Meter Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A summary financial analysis of each individual District fund follows:

### Business-Type Fund Highlights

- The **Nutrition Fund's** expenses exceeded revenues by \$3,546. As noted above, expenses increased at a slightly higher pace than revenues, increasing by approximately 7.5% while revenues only increased by just over 6.5%.

### Governmental Fund Highlights:

- The **General Fund** ending balance increased from \$333,306 in 2006 to \$528,145 in 2007. This fund pays for the vast majority of all instructional and operational costs of the District and represents over 83% of all Governmental Fund expenses in the fiscal year.

- General Fund revenues increased by 12%, from \$4,225,690 in 2006 to \$4,733,919 in 2007. General fund property taxes and income surtaxes increased \$213,015 (15%) between years due to the District's taxable valuations increasing by 5% and the District's general fund tax rate increasing by \$1.43 per thousand. One reason for the general fund tax rate increase was the addition of a \$150,000 cash reserve levy approved by the Board of Education in an effort to increase the solvency ratio.
- Funding from State sources also increased significantly, improving by nearly \$192,000 from 2006 to 2007 to \$2,410,182. This was due to the State cost per student increasing by 4% and an increase in the budget enrollment in which State funds are generated.
- Expenses increased by only 4% going from \$4,356,194 in 2006 to \$4,539,079 in 2007. The \$182,885 increase in expenses is primarily due to instruction related expenses increasing by nearly \$115,000. The majority of these costs are for salaries and benefits. The salaries and benefits package increased 4.35% for employees pursuant to the settlement reached between the Van Meter Education Association and School Board. Also, the District increased their teaching staff by 2 full time equivalents in order to accommodate the additional students attending Van Meter School.
- The District's solvency ratio (undesignated funds/total general fund revenues) increased from 7.8% in 2006 to nearly 11% in 2007. As noted earlier, the primary reason for the increase in the general fund solvency ratio is due to the growth rate of revenues exceeding the growth rate of expenses in the general fund. The District's current solvency ratio is above the recommended target range of 5-10%.
- The **Management Fund's** ending balance decreased from \$91,451 in 2006 to \$41,108 in 2007 primarily because the Board of Education had decided to only levy for 10,000 in 2007 compared to \$130,000 in 2006 due to the healthy balance in the fund. There were no early retirements in both 2006 and 2007 due to the Board of Education temporarily freezing additional early retirement benefits. In compliance with Iowa Code, only early retirement benefits and non-medical insurance are paid for out of the Management Fund.
- The **Physical Plant and Equipment Levy (PPEL) Fund** balance increased from \$(88,994) in 2006 to \$8,540 in 2007. At the end of 2006, the PPEL Fund still owed the General Fund \$110,000 due to a Board approved interfund loan between the funds to purchase land in 2006. This interfund payable of \$110,000 was paid back to the General Fund during 2007, resulting from a positive ending fund balance for PPEL.

- The **Capital Projects Fund** balance increased from \$139,434 in 2006 to \$512,857 in 2007. Revenues in this fund are being saved for future infrastructure needs of the District. \$387,639 was received from the School Infrastructure Local Option Sales Tax dollars from Dallas and Madison Counties in 2007.
- The **Activity Fund** ending balance decreased from \$57,122 in 2006 to \$45,171 in 2007. In 2007, additional equipment and uniform purchases were needed to replace outdated items. This fund is used to record revenue and expenses involved with extra-curricular activities such as basketball, football, drama, drill team, class accounts, etc.
- The **Debt Service Fund** ending balance remained consistent, decreasing slightly from \$3,151,863 in 2006 to \$3,151,329 in 2007. This fund is used to pay principal, interest, and bank fees associated with the District's debt. All revenues are generated from property taxes which are levied to cover the District's debt expense for the given year. As noted before, the District issued \$3,155,000 of general obligation school refunding bonds to crossover refund the November 1, 2000 general obligation bonds. The net proceeds of the refunding bonds are held in escrow until May 2010 when the November 1, 2000 bonds can be called.

### **Budgetary Highlights**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following a required public notice and hearing for all funds, except blended component units, internal service funds, and agency funds. This is referred to as the certified budget. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures. In 2007, the District did not need to amend their original certified budget. All expenses were well within the certified budget as it is the Management's practice to certify the maximum.

A line-item budget is also prepared by Management to monitor expenses and revenues on a monthly basis. District spending decisions are based on the amounts budgeted in attempt to have a positive ending balance each year.

## Capital Assets

At June 30, 2007, the District had invested a total of \$6,721,440 , net of accumulated depreciation of \$2,541,918, in a broad range of capital assets including buildings, athletic facilities, computers, audio-visual equipment, school nutrition equipment, and transportation equipment. As shown in Figure A-8, capital assets remained consistent between years.

**Capital Assets (net of depreciation)** **Figure A-8**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Land	\$ 801,592	\$ 801,592	\$ -		\$ 801,592	\$ 801,592
Construction in Progress	\$ -	\$ -	\$ -		\$ -	\$ -
Buildings and Improvements	\$ 5,809,899	\$ 5,661,412	\$ -		\$ 5,809,899	\$ 5,661,412
Equipment	\$ 291,446	\$ 247,295	\$ 14,581	\$ 11,141	\$ 306,027	\$ 258,436
<b>Total</b>	<b>\$ 6,902,937</b>	<b>\$ 6,710,299</b>	<b>\$ 14,581</b>	<b>\$ 11,141</b>	<b>\$ 6,917,518</b>	<b>\$ 6,721,440</b>

## Long-Term Debt

At year end, the district had \$7,095,297 in general obligation debt and other long-term debt outstanding. As stated earlier, the District issued \$3,155,000 of general obligation school refunding bonds in 2006 to crossover refund the November 1, 2000 general obligation bonds. Since this is a crossover refunding and does not qualify as a debt defeasance, the November 1, 2000 bonds remain as a long-term liability until their call date on May 1, 2010.

**Outstanding Long-Term Debt  
as of June 30, 2007**

**Figure A-9**

### Total School District

	<u>2006</u>	<u>2007</u>	<u>Net Decrease</u>
General Obligation Bonds	\$ 7,130,000	\$ 6,930,000	\$ 200,000
Capital Loan Notes (PPEL)	\$ 160,000	\$ 80,000	\$ 80,000
Early Retirement	\$ 123,884	\$ 81,962	\$ 41,922
Other	\$ 3,751	\$ 3,335	\$ 416
<b>Total</b>	<b>\$ 7,417,635</b>	<b>\$ 7,095,297</b>	<b>\$ 322,338</b>

## **Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The budget enrollment count taken in October 2006 (during the 2007 fiscal year, but serves as the 2008 budget enrollment) decreased by 4.4 students. State funding is directly related to student count and allowable growth. Even though allowable growth for 2008 will increase by 4%, the decrease in number of students will result in only a 3% increase in state foundation aid in 2008.
- However, in October 2007, the District's budget enrollment jumped by 39.5 students to 597.8. This will be the District's 2009 budget enrollment. Since the state legislature has already determined that allowable growth will remain at 4% for 2009, the increase in students will result in additional funds for the District. Future enrollment trends are expected to increase due to new housing developments in the District as well as overall growth in the area. It will be important for the District to manage the increase in student enrollment and the additional costs associated with educating more students.
- The Board of Education took action in June 2006 to cap open enrollment in to the District, only allowing families who currently have siblings in Van Meter or current students who move out of the District to open enroll in due to limited classroom space. During the 2008 fiscal year, the District is planning to build a music room addition which will allow for additional classroom space. Management and the Board of Education will re-assess whether or not the District will have enough room to allow open enrollment in to the District again. Since the District receives tuition money for each student open enrolled in to the District, this would also generate additional funds in the future.
- Dallas County is currently in the process of recalculating the county's taxable valuation. According to county leaders, the District is anticipating a 10-15% increase in their Dallas County taxable valuation. This will directly impact the District's bonding capacity and will largely dictate future building decisions for the District's planned expansion. The taxable valuation will be finalized in January 2008.
- The overall economic development of Dallas and Madison counties will directly impact the District. Both counties have passed the one cent School Infrastructure Local Option Sales Tax (SILO). Retail sales and commercial growth in the area will largely impact the District's SILO funds as well as the District's taxable valuations. To date, retail sales in Dallas County have been higher than anticipated.

- The Board of Education approved an Early Retirement policy effective for 2008 only but potential retirees will have a two year window to retire and access benefits. Only those staff members eligible to retire in 2008 would qualify and they would be allowed to retire with the early retirement benefit after 2008 or 2009. Depending on the number of staff who take the early retirement option, the District will have to ensure the Management Fund is healthy enough to cover this impending cost by levying additional dollars in this fund.
- The national economy, the State of Iowa's budget, and pending legislative decisions will also impact schools significantly. For example, the legislature has considered passing a statewide one cent sales tax. If this legislation passes, it would significantly impact the District's bonding capacity because it would allow the District to possibly borrow against future sales tax revenue further into the future.

### **Contacting the District's Financial Management**

The financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Greg DeTimmerman, Superintendent or Shonna Trudo, Business Manager, at Van Meter Community School District, PO Box 257, Van Meter, Iowa, 50261 or call (515) 996-9960.

This page intentionally left blank



## Basic Financial Statements

VAN METER COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 1,494,184	\$ 31,242	\$ 1,525,426
Investments held by fiscal agent (note 2)	3,125,704	-	3,125,704
Receivables:			
Property tax:			
Current year	17,792	-	17,792
Succeeding year	2,045,000	-	2,045,000
Income surtax	181,703	-	181,703
Accounts	723	-	723
Due from other governments	119,612	-	119,612
Inventories	-	2,249	2,249
Capital assets, net of accumulated depreciation (note 5)	6,710,299	11,141	6,721,440
Total assets	13,695,017	44,632	13,739,649
Liabilities			
Accounts payable	55,947	910	56,857
Salaries and benefits payable	414,918	2,473	417,391
Accrued interest payable	54,391	-	54,391
Deferred revenue:			
Succeeding year property tax	2,045,000	-	2,045,000
Other	-	3,358	3,358
Long-term liabilities (note 6):			
Portion due within one year:			
Early retirement	21,104	-	21,104
Bonds payable	210,000	-	210,000
Notes payable	80,000	-	80,000
Compensated absences	3,335	-	3,335
Portion due after one year:			
Early retirement	60,858	-	60,858
Bonds payable	6,720,000	-	6,720,000
Total liabilities	9,665,553	6,741	9,672,294

VAN METER COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	\$ 2,826,003	\$ 11,141	\$ 2,837,144
Restricted for:			
Physical plant and equipment levy	8,540	-	8,540
Other special revenue purposes	45,171	-	45,171
Capital projects	512,857	-	512,857
Unrestricted	636,893	26,750	663,643
Total net assets	\$ 4,029,464	\$ 37,891	\$ 4,067,355

See notes to financial statements.

VAN METER COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 2,090,323	\$ 412,948	\$ 274,770	\$ -
Special instruction	404,516	78,024	44,665	-
Other instruction	458,517	113,126	9,621	-
	<u>2,953,356</u>	<u>604,098</u>	<u>329,056</u>	<u>-</u>
Support services:				
Student services	150,768	-	-	-
Instructional staff services	222,280	3,425	13,988	-
Administration services	662,178	-	-	-
Operation and maintenance of plant services	379,986	-	5,435	-
Transportation services	217,230	3,275	2,566	-
	<u>1,632,442</u>	<u>6,700</u>	<u>21,989</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	26,641	-	-	35,000
Long-term debt interest and fiscal charges	340,366	-	-	-
AEA flowthrough	169,033	-	169,033	-
Depreciation (unallocated) *	188,487	-	-	-
	<u>724,527</u>	<u>-</u>	<u>169,033</u>	<u>35,000</u>
Total governmental activities	5,310,325	610,798	520,078	35,000

Net (Expense) Revenue  
and Changes in Net Assets

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ (1,402,605)	\$ -	\$ (1,402,605)
(281,827)	-	(281,827)
(335,770)	-	(335,770)
<u>(2,020,202)</u>	<u>-</u>	<u>(2,020,202)</u>
(150,768)	-	(150,768)
(204,867)	-	(204,867)
(662,178)	-	(662,178)
(374,551)	-	(374,551)
(211,389)	-	(211,389)
<u>(1,603,753)</u>	<u>-</u>	<u>(1,603,753)</u>
8,359	-	8,359
(340,366)	-	(340,366)
-	-	-
(188,487)	-	(188,487)
<u>(520,494)</u>	<u>-</u>	<u>(520,494)</u>
<u>(4,144,449)</u>	<u>-</u>	<u>(4,144,449)</u>

VAN METER COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Business-Type Activities:				
Non-instructional programs:				
Food service operations	\$ 206,037	\$ 147,818	\$ 53,354	\$ -
Total	\$ 5,516,362	\$ 758,616	\$ 573,432	\$ 35,000

General Revenues:

Property tax levied for:

General purposes

Debt service

Capital outlay

Income surtax

Local option sales and services tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

\* = This amount excludes the depreciation included  
in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ <u>          -  </u>	\$ <u>     (4,865)  </u>	\$ <u>     (4,865)  </u>
<u>(4,144,449)</u>	<u>(4,865)</u>	<u>(4,149,314)</u>
\$ 1,410,461	\$ -	\$ 1,410,461
416,056	-	416,056
209,074	-	209,074
198,619	-	198,619
387,639	-	387,639
2,005,135	-	2,005,135
177,957	1,319	179,276
45,035	-	45,035
<u>4,849,976</u>	<u>1,319</u>	<u>4,851,295</u>
705,527	(3,546)	701,981
<u>3,323,937</u>	<u>41,437</u>	<u>3,365,374</u>
<u>\$ 4,029,464</u>	<u>\$ 37,891</u>	<u>\$ 4,067,355</u>

## VAN METER COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and pooled investments	\$ 937,871	\$ 22,033	\$ 534,280	\$ 1,494,184
Investment held by fiscal agent (note 2)	-	3,125,704	-	3,125,704
Receivables:				
Property tax:				
Current year	12,307	3,592	1,893	17,792
Succeeding year	1,330,000	376,000	339,000	2,045,000
Income surtax	181,703	-	-	181,703
Accounts	-	-	723	723
Due from other governments	46,132	-	73,480	119,612
	<u>2,508,013</u>	<u>3,527,329</u>	<u>949,376</u>	<u>6,984,718</u>
Total assets	\$	\$	\$	\$
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 53,247	\$ -	\$ 2,700	\$ 55,947
Salaries and benefits payable	414,918	-	-	414,918
Deferred revenue:				
Succeeding year property tax	1,330,000	376,000	339,000	2,045,000
Other	181,703	-	-	181,703
Total liabilities	<u>1,979,868</u>	<u>376,000</u>	<u>341,700</u>	<u>2,697,568</u>
Fund balance:				
Reserved for:				
Debt service	-	3,151,329	-	3,151,329
Unreserved:				
Reported in nonmajor Special				
Revenue Funds	-	-	94,819	94,819
Undesignated	528,145	-	512,857	1,041,002
Total fund balances	<u>528,145</u>	<u>3,151,329</u>	<u>607,676</u>	<u>4,287,150</u>
Total liabilities and fund balances	\$	\$	\$	\$
	<u>2,508,013</u>	<u>3,527,329</u>	<u>949,376</u>	<u>6,984,718</u>

See notes to financial statements.



VAN METER COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 June 30, 2007

Total fund balances of governmental funds	\$ 4,287,150
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	6,710,299
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	181,703
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(54,391)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(7,095,297)</u>
Net assets of governmental activities	<u>\$ 4,029,464</u>
See notes to financial statements.	

VAN METER COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2007

	General	Debt Service	Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 1,626,748	\$ 416,056	\$ 607,125	\$ 2,649,929
Tuition	472,837	-	-	472,837
Other	113,851	121,499	131,039	366,389
State sources	2,410,182	-	-	2,410,182
Federal sources	110,300	-	-	110,300
Total revenues	4,733,918	537,555	738,164	6,009,637
Expenditures:				
Current:				
Instruction	2,843,384	-	154,612	2,997,996
Support services:				
Student services	150,768	-	3,798	154,566
Instructional staff services	218,482	-	-	218,482
Administration services	634,024	801	27,352	662,177
Operation and maintenance of plant services	352,568	-	20,377	372,945
Transportation services	170,820	-	7,000	177,820
	1,526,662	801	58,527	1,585,990
Other expenditures:				
Facilities acquisition	-	-	31,641	31,641
Long term debt:				
Principal	-	280,000	-	280,000
Interest and fiscal charges	-	342,008	-	342,008
AEA flowthrough	169,033	-	-	169,033
	169,033	622,008	31,641	822,682
Total expenditures	4,539,079	622,809	244,780	5,406,668
Excess (deficiency) of revenues over (under) expenditures	194,839	(85,254)	493,384	602,969

VAN METER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2007

	General	Debt Service	Nonmajor Governmental Funds	Total
Other financing sources (uses):				
Interfund transfers in (note 3)	\$ -	\$ 84,720	\$ -	\$ 84,720
Interfund transfers out (note 3)	-	-	(84,720)	(84,720)
Total other financing sources (uses)	-	84,720	(84,720)	-
Net change in fund balances	194,839	(534)	408,664	602,969
Fund balances beginning of year	333,306	3,151,863	199,012	3,684,181
Fund balances end of year	\$ <u>528,145</u>	\$ <u>3,151,329</u>	\$ <u>607,676</u>	\$ <u>4,287,150</u>

See notes to financial statements.

## VAN METER COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2007

Net change in fund balances - total governmental funds \$ 602,969

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 18,350	
Capital contributions	35,000	
Depreciation expense	<u>(245,988)</u>	(192,638)

Income surtax revenue not received until several months after the District's fiscal year ends is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. (28,785)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 280,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 1,643

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 42,338

Change in net assets of governmental activities \$ 705,527

See notes to financial statements.

## VAN METER COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
PROPRIETARY FUND

June 30, 2007

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 31,242
Inventories	2,249
Capital assets, net of accumulated depreciation	<u>11,141</u>
Total assets	<u>44,632</u>
Liabilities	
Accounts payable	910
Salaries and benefits payable	2,473
Deferred revenue:	
Other	<u>3,358</u>
Total liabilities	<u>6,741</u>
Net Assets	
Invested in capital assets	11,141
Unrestricted	<u>26,750</u>
Total net assets	<u>\$ 37,891</u>

See notes to financial statements.

VAN METER COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUND  
 Year Ended June 30, 2007

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>147,818</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	57,664
Benefits	21,441
Purchased services	7,679
Supplies	115,779
Depreciation	3,440
Other	<u>34</u>
	<u>206,037</u>
Operating loss	<u>(58,219)</u>
Non-operating revenues:	
Interest on investments	1,319
State sources	2,846
Federal sources	<u>50,508</u>
Total non-operating revenues	<u>54,673</u>
Change in net assets	(3,546)
Net assets beginning of year	<u>41,437</u>
Net assets end of year	\$ <u><u>37,891</u></u>

See notes to financial statements.

VAN METER COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2007

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 143,945
Cash received from miscellaneous operating activities	5,059
Cash payments to employees for services	(78,927)
Cash payments to suppliers for goods or services	<u>(117,956)</u>
Net cash used by operating activities	<u>(47,879)</u>
Cash flows from non-capital financing activities:	
State grants received	2,846
Federal grants received	<u>45,418</u>
Net cash provided by non-capital financing activities	<u>48,264</u>
Cash flows from investing activities:	
Interest on investments	<u>1,407</u>
Net increase in cash and cash equivalents	1,792
Cash and cash equivalents beginning of year	<u>29,450</u>
Cash and cash equivalents end of year	<u>\$ 31,242</u>

VAN METER COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2007

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (58,219)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	3,440
Commodities used	5,090
(Increase) in inventories	(464)
Increase in accounts payable	910
Increase in salaries and benefits payable	178
Increase in deferred revenues	<u>1,186</u>
Net cash used by operating activities	\$ <u><u>(47,879)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2007, the District received \$5,090 of federal commodities.

See notes to financial statements.



## VAN METER COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

June 30, 2007

	<u>Agency</u>
Assets:	
Due from other governments	\$ <u>20,008</u>
Liabilities:	
Due to other governments	\$ <u>20,008</u>
See notes to financial statements.	

# VAN METER COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

### Note 1. Summary of Significant Accounting Policies

Van Meter Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Van Meter, Iowa, and agricultural territory in Dallas and Madison Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Van Meter Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Van Meter Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Dallas County Assessor's Conference Board.

Related Organization – The Van Meter Education Foundation is a related organization with the Van Meter Community School District. The Foundation is independent from the District and the District is not financially dependent upon the Foundation nor obligated for any Foundation debt instruments.

#### B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

VAN METER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt.

The District reports the following non-major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

VAN METER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

All proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

VAN METER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

Investments Held by Fiscal Agent – Proceeds from the District's refunding bond issue are held by a fiscal agent in anticipation of the May 1, 2010 call date of the refunded bonds. These proceeds are all invested in U.S. Treasury Notes.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

VAN METER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund Equipment	500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	40 years
Improvements other than buildings	20-40 years
Furniture and equipment	5-20 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unearned meal revenues.

VAN METER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets, net of related debt – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures did not exceed amounts budgeted in any of the four functional areas.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

VAN METER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 2. Cash and Pooled Investments (continued)

At June 30, 2007, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost/ Fair Value</u>
U.S. Treasury notes	\$ 3,125,704
Iowa Schools Joint Investment Trust - Diversified Portfolio	<u>1,158,118</u>
	<u>\$ 4,283,822</u>

The investments in the Iowa Schools Joint Investment Trust are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in U.S. Treasury Notes are reported at fair value.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Special Revenue: Physical Plant and Equipment Levy	<u>\$ 84,720</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 4. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. N.A. is the trustee for the program. The District had no ISCAP balances at June 30, 2007.



VAN METER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 4. Iowa Schools Cash Anticipation Program (ISCAP) (continued)

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2007 is as follows:

<u>Series</u>	<u>Balance Beginning of Year</u>	<u>Advances Received</u>	<u>Advances Repaid</u>	<u>Balance End of Year</u>
2006-07A	\$ <u>          -          </u>	\$ <u>      200,000      </u>	\$ <u>      200,000      </u>	\$ <u>                  -</u>

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2006-07A	4.50%	5.676%

VAN METER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 801,592	\$ -	\$ -	\$ 801,592
Capital assets being depreciated:				
Buildings	7,619,470	40,000	-	7,659,470
Furniture and equipment	708,987	13,350	-	722,337
Total capital assets being depreciated	8,328,457	53,350	-	8,381,807
Less accumulated depreciation for:				
Buildings	1,809,571	188,487	-	1,998,058
Furniture and equipment	417,541	57,501	-	475,042
Total accumulated depreciation	2,227,112	245,988	-	2,473,100
Total capital assets being depreciated, net	6,101,345	(192,638)	-	5,908,707
Governmental activities capital assets, net	\$ 6,902,937	\$ (192,638)	\$ -	\$ 6,710,299

VAN METER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 5. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 79,959	\$ -	\$ -	\$ 79,959
Less accumulated depreciation	<u>65,378</u>	<u>3,440</u>	<u>-</u>	<u>68,818</u>
Business-type activities capital assets, net	<u>\$ 14,581</u>	<u>\$ (3,440)</u>	<u>\$ -</u>	<u>\$ 11,141</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:

    Instruction:

Regular	\$ 5,533
Special	5,517

    Support services:

Operation and maintenance of plant services	7,041
Transportation	<u>39,410</u>
	57,501

Unallocated depreciation	<u>188,487</u>
--------------------------	----------------

Total governmental activities depreciation expense	<u>\$ 245,988</u>
----------------------------------------------------	-------------------

Business-type activities:

Food service operations	<u>\$ 3,440</u>
-------------------------	-----------------

VAN METER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Early Retirement	General Obligation Bonds	Capital Loan Notes	Compensated Absences	Total
Balance beginning of year	\$ 123,884	\$ 7,130,000	\$ 160,000	\$ 3,751	\$ 7,417,635
Additions	-	-	-	3,335	3,335
Reductions	41,922	200,000	80,000	3,751	325,673
Balance end of year	<u>\$ 81,962</u>	<u>\$ 6,930,000</u>	<u>\$ 80,000</u>	<u>\$ 3,335</u>	<u>\$ 7,095,297</u>
Due within one year	<u>\$ 21,104</u>	<u>\$ 210,000</u>	<u>\$ 80,000</u>	<u>\$ 3,335</u>	<u>\$ 314,439</u>

Early Retirement

The District offered a voluntary early retirement plan to its certified and classified employees in prior years. Eligible employees had to be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must have completed an application which was required to be approved by the Board of Education.

The early retirement incentive for certified employees was supplemental pay for ninety days at the per diem rate of the employee's current base salary plus redemption of unused sick leave days at 10% of the per diem rate. The District also continued furnishing single policy medical insurance for retirees at the same monthly rate in effect at the time of retirement. The early retirement incentive for classified employees was redemption of unused sick days at a rate of \$30 per day, up to a maximum of 165 days. Classified employees could also retain the District's group insurance policy but must pay the monthly premium on the policy.

At June 30, 2007, the District has obligations to five participants with a total liability of \$81,962. Actual early retirement expenditures for the year ended June 30, 2007 totaled \$41,922. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

VAN METER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 6. Long-Term Liabilities (continued)

Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of November 1, 2000			Bond Issue of February 1, 1999		
	Interest Rates	Interest	Principal	Interest Rates	Interest	Principal
2008	6.250 %	\$ 195,304	\$ 85,000	4.10 %	\$ 7,015	\$ 125,000
2009	6.250	189,991	175,000	4.20	1,890	45,000
2010	6.250	179,054	230,000	-	-	-
2011	5.000	164,679	245,000	-	-	-
2012	5.100	152,429	255,000	-	-	-
2013	5.200	139,424	270,000	-	-	-
2014	5.250	125,384	285,000	-	-	-
2015	5.300	110,421	300,000	-	-	-
2016	5.350	94,521	315,000	-	-	-
2017	5.375	77,669	335,000	-	-	-
2018	5.375	59,662	350,000	-	-	-
2019	5.375	40,850	370,000	-	-	-
2020	5.375	20,962	390,000	-	-	-
		<u>\$ 1,550,350</u>	<u>\$ 3,605,000</u>		<u>\$ 8,905</u>	<u>\$ 170,000</u>

VAN METER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

Year Ending June 30,	Bond Issue of November 1, 2005			Total	
	Interest Rates	Interest	Principal	Interest	Principal
2008	4.00 %	\$ 125,058	\$ -	\$ 327,377	\$ 210,000
2009	4.00	125,057	-	316,938	220,000
2010	4.00	125,058	-	304,112	230,000
2011	4.00	125,057	260,000	289,736	505,000
2012	4.00	114,658	270,000	267,087	525,000
2013	4.00	103,857	285,000	243,281	555,000
2014	4.00	92,458	295,000	217,842	580,000
2015	4.00	80,657	310,000	191,078	610,000
2016	3.80	68,258	320,000	162,779	635,000
2017	3.85	56,097	335,000	133,766	670,000
2018	4.00	43,200	345,000	102,862	695,000
2019	4.00	29,400	360,000	70,250	730,000
2020	4.00	15,000	375,000	35,962	765,000
		<u>\$ 1,103,815</u>	<u>\$ 3,155,000</u>	<u>\$ 2,663,070</u>	<u>\$ 6,930,000</u>

During the year ended June 30, 2007, the District retired \$200,000 in general obligation bonds.

Capital Loan Note

Details of the District's June 30, 2007 capital loan note indebtedness are as follows:

Year Ending June 30,	Interest Rates	Interest	Principal
May 1, 2008	3.10 %	<u>\$ 2,480</u>	<u>\$ 80,000</u>

During the year ended June 30, 2007, the District retired \$80,000 in capital loan notes.

VAN METER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006, and 2005. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$158,376, \$144,781, and \$133,954, respectively, equal to the required contributions for each year.

Note 8. Risk Management

Van Meter Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$169,033 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Contingent Liability

The District is involved in an ongoing lawsuit alleging inappropriate contact with a student by a District employee. The District's insurance carrier is affording coverage for this case.

This page intentionally left blank



## Required Supplementary Information

VAN METER COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances –  
Budget and Actual – All Governmental Funds  
and Proprietary Fund  
Required Supplementary Information  
Year Ended June 30, 2007

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance
REVENUES:					
Local sources	\$ 3,489,155	\$ 149,137	\$ 3,638,292	\$ 3,860,890	\$ (222,598)
State sources	2,410,182	2,846	2,413,028	2,634,670	(221,642)
Federal sources	110,300	50,508	160,808	175,000	(14,192)
Total revenues	6,009,637	202,491	6,212,128	6,670,560	(458,432)
EXPENDITURES:					
Instruction	2,997,996	-	2,997,996	3,660,336	662,340
Support services	1,585,990	-	1,585,990	2,007,359	421,369
Non-instructional programs	-	206,037	206,037	409,251	203,214
Other expenditures	822,682	-	822,682	1,468,725	646,043
Total expenditures	5,406,668	206,037	5,612,705	7,545,671	1,932,966
Excess (deficiency) of revenues over (under) expenditures	602,969	(3,546)	599,423	(875,111)	1,474,534
Other financing sources, net	-	-	-	(4,000)	4,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures	602,969	(3,546)	599,423	(879,111)	1,478,534
Balance beginning of year	3,684,181	41,437	3,725,618	879,111	2,846,507
Balance end of year	\$ 4,287,150	\$ 37,891	\$ 4,325,041	\$ -	\$ 4,325,041

See accompanying independent auditor's report.

VAN METER COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2007, expenditures did not exceed the amounts budgeted in any of the four functional areas.

This page intentionally left blank

## Other Supplementary Information

## VAN METER COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2007

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
<b>Assets</b>					
Cash and pooled investments	\$ 43,044	\$ 45,124	\$ 6,735	\$ 439,377	\$ 534,280
Receivables:					
Property tax:					
Current year	88	-	1,805	-	1,893
Succeeding year	137,000	-	202,000	-	339,000
Accounts	-	723	-	-	723
Due from other governments	-	-	-	73,480	73,480
Total assets	<u>\$ 180,132</u>	<u>\$ 45,847</u>	<u>\$ 210,540</u>	<u>\$ 512,857</u>	<u>\$ 949,376</u>
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Accounts payable	\$ 2,024	\$ 676	\$ -	\$ -	\$ 2,700
Interfund payable	-			-	
Deferred revenue:					
Succeeding year property tax	137,000	-	202,000	-	339,000
Total liabilities	<u>139,024</u>	<u>676</u>	<u>202,000</u>	<u>-</u>	<u>341,700</u>
Fund equity:					
Fund balances:					
Unreserved:					
Undesignated	<u>41,108</u>	<u>45,171</u>	<u>8,540</u>	<u>512,857</u>	<u>607,676</u>
Total liabilities and fund equity	<u>\$ 180,132</u>	<u>\$ 45,847</u>	<u>\$ 210,540</u>	<u>\$ 512,857</u>	<u>\$ 949,376</u>

See accompanying independent auditor's report.

## VAN METER COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2007

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
Revenues:					
Local sources:					
Local tax	\$ 10,412	\$ -	\$ 209,074	\$ 387,639	\$ 607,125
Other	8,861	113,401	8,777	-	131,039
Total revenues	19,273	113,401	217,851	387,639	738,164
Expenditures:					
Current:					
Instruction	13,107	125,352	16,153	-	154,612
Support services:					
Student services	3,798	-	-	-	3,798
Administration services	27,352	-	-	-	27,352
Operation and maintenance of plant services	18,359	-	2,018	-	20,377
Transportation services	7,000	-	-	-	7,000
Other expenditures:					
Facilities acquisition	-	-	17,425	14,216	31,641
Total expenditures	69,616	125,352	35,596	14,216	244,780
Excess (deficiency) of revenues over (under) expenditures	(50,343)	(11,951)	182,255	373,423	493,384
Other financing uses:					
Interfund transfers out	-	-	(84,720)	-	(84,720)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(50,343)	(11,951)	97,535	373,423	408,664
Fund balances beginning of year	91,451	57,122	(88,995)	139,434	199,012
Fund balances end of year	\$ 41,108	\$ 45,171	\$ 8,540	\$ 512,857	\$ 607,676

See accompanying independent auditor's report.

VAN METER COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Annual	\$ 253	\$ 6,435	\$ 4,134	\$ 2,554
Athletics	10,863	40,234	49,548	1,549
Baseball	-	5,664	5,578	86
Basketball - Boys	1,585	3,832	4,825	592
Basketball - Girls	1,248	88	1,336	-
Book Fair	4,475	6,907	10,267	1,115
Book Tournament	220	70	166	124
Boxtops for Education	591	1,705	1,430	866
Cap and Gown	924	560	1,079	405
Class of 2007	548	-	72	476
Class of 2008	2,323	3,006	5,021	308
Class of 2009	1,171	1,000	500	1,671
Class of 2010	4,364	217	-	4,581
Class of 2011	2,384	1,595	116	3,863
Class of 2012	1,645	1,921	116	3,450
Class of 2013	-	268	-	268
Dance Squad	1,036	-	-	1,036
District Music	237	100	-	337
Drama	1,668	1,612	1,015	2,265
Elementary Music - Resale	-	335	335	-
Elementary Science Club	427	255	135	547
Elementary Yearbook	-	1,069	1,069	-
Fieldtrips	234	3,075	2,576	733
Football	2,622	8,745	8,458	2,909
Golf	2,248	2,478	4,725	1
Heart Association	247	-	-	247
Huss Memorial	782	-	522	260
Interest - Checking	909	59	-	968
Interest Public Funds	127	186	-	313
Junior Achievement	162	-	-	162
Junior High Boys Basketball	87	-	-	87
Junior High Girls Basketball	398	-	-	398
Junior High Volleyball	82	150	-	232
National Honor Society	251	577	416	412
Pep Club	530	8,876	8,348	1,058
Pottery	1,055	-	50	1,005
Reading Incentive	487	487	594	380
Reading Night	202	-	-	202
Softball	747	1,283	810	1,220
Spanish Club	425	-	-	425
Steele Memorial	75	-	-	75



VAN METER COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Stewart Memorial	\$ 3,139	\$ -	\$ 2,375	\$ 764
Student Council	601	4,454	4,798	257
Student Pictures	1,276	3,118	595	3,799
Summer Recreation	1,106	(1,106)	-	-
Technology Club	426	-	-	426
Track - Boys	614	500	500	614
Track - Girls	944	7	900	51
Track - JH Boys	89	(89)	-	-
Track - JH Girls	82	538	508	112
Volleyball	300	4,257	3,485	1,072
Wallace Summer Program	913	-	17	896
Intrafund Transfers	-	(1,067)	(1,067)	-
Total	\$ <u>57,122</u>	\$ <u>113,401</u>	\$ <u>125,352</u>	\$ <u>45,171</u>

See accompanying independent auditor's report.

VAN METER COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year Ended June 30, 2007

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Due from other governments	\$ 19,195	\$ 148,200	\$ 147,387	\$ 20,008
Liabilities				
Due to other governments	\$ 19,195	\$ 148,200	\$ 147,387	\$ 20,008

See accompanying independent auditor's report.

VAN METER COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST FOUR YEARS

	Modified Accrual Basis Years Ended June 30,			
	2007	2006	2005	2004
Revenues:				
Local sources:				
Local tax	\$ 2,649,929	\$ 2,503,077	\$ 2,387,738	\$ 2,206,697
Tuition	472,837	391,969	300,265	296,314
Other	366,389	282,494	221,687	205,726
State sources	2,410,182	2,219,868	1,941,464	1,927,381
Federal sources	110,300	129,429	201,293	222,650
Total revenues	<u>\$ 6,009,637</u>	<u>\$ 5,526,837</u>	<u>\$ 5,052,447</u>	<u>\$ 4,858,768</u>
Expenditures:				
Instruction	\$ 2,997,996	\$ 2,858,668	\$ 2,670,722	\$ 2,516,794
Support services:				
Student services	154,566	135,302	130,739	119,489
Instructional staff services	218,482	233,523	279,129	232,053
Administration services	662,177	646,254	531,237	489,930
Operation and maintenance of plant services	372,945	486,722	370,932	304,050
Transportation services	177,820	143,044	185,319	108,451
Other expenditures:				
Facilities acquisition	31,641	827,646	301,395	248,412
Long-term debt:				
Principal	280,000	270,000	255,000	250,000
Interest and fiscal charges	342,008	292,308	239,631	249,397
AEA flowthrough	169,033	152,401	137,762	140,786
Total expenditures	<u>\$ 5,406,668</u>	<u>\$ 6,045,868</u>	<u>\$ 5,101,866</u>	<u>\$ 4,659,362</u>

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Education of  
Van Meter Community School District:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Van Meter Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated October 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Van Meter Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Van Meter Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Van Meter Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Van Meter Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Van Meter Community School District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Van Meter Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-B-07 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Meter Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Van Meter Community School District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Van Meter Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Van Meter Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Van Meter Community School District and other parties to whom Van Meter Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Van Meter Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa  
October 3, 2007

VAN METER COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2007

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

- I-A-07 Disbursement Approval – We noted that the Board did not approve one General Fund disbursement (of 28 tested).

Recommendation – Chapter 279.29 of the Code of Iowa provides that “the Board shall audit and allow all just claims against the corporation and no order shall be drawn upon the treasury until the claim therefore has been audited and allowed.” In accordance with an Attorney General’s opinion dated July 12, 1979, “no claim can be paid until the Board has taken final action on the claim. Logically, no final action can be taken on the claim until all of the specifics of the claim have been examined and verified.” Therefore, all claims for all funds should be examined, approved and listings initialed by the Board prior to any disbursements, and all amounts provided to the Board should be accurate.

Response – We will approve all disbursements for all funds as required.

Conclusion – Response accepted.

Significant Deficiencies:

- I-B-07 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The receipts and deposits of monies are done by the one individual, and the posting of the cash receipts and bank reconciliations for the General, PPEL, Debt Service and Capital Projects Funds are done by a different individual.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this. We are now having the Superintendent review the monthly bank reconciliations.

Conclusion – Response acknowledged. The District should continue to segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

VAN METER COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2007

Part II: Other Findings Related to Statutory Reporting:

- II-A-07 Certified Budget – Expenditures for the year ended June 30, 2007, did not exceed the amount budgeted in any of the four functions.
- IV-B-07 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- IV-C-07 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-07 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dan Phillips, Board President	Score keeper/line judge	\$ 180

The transaction with Board President Phillips does not appear to represent a conflict of interest

- IV-E-07 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-07 Board Minutes – Except as noted previously, no transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-07 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- IV-I-07 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

This document was created with Win2PDF available at <http://www.win2pdf.com>.  
The unregistered version of Win2PDF is for evaluation or non-commercial use only.